

COORDINATION OF SDI BENEFITS WITH OTHER LEAVE PROGRAMS ADMINISTRATIVE GUIDELINES

The SDI Program is a wage continuation program for employees who have been certified for a nonwork-related illness or injury. The program has two components, Disability Insurance (DI) and Paid Family Leave (PFL):

DI – is a wage continuation program for employees who incur a nonwork-related injury or illness, for up to 52 weeks.

PFL – is extended compensation provided to employees who are SDI covered. PFL is limited to a six-week paid benefit within a 12-month period. PFL is for employees who take time off work to care for a seriously ill child, spouse, parent, domestic partner, or to bond with a new minor child or adopted child.

An employee cannot receive both DI and PFL simultaneously.

SDI Notice to Employers

Upon receipt of a claim for DI or PFL benefits, EDD sends a notice to the employer that a claim has been filed. The employer is expected to complete and return either Form DE2503 for SDI or Form DE2503F for PFL, to EDD within two business days.

SDI Payments

To receive SDI payments, an employee must:

- Earn at least \$300 in wages that are subject to SDI deductions (during the 12-month base period of the SDI claim).
- Provide a claim for SDI benefits; this claim includes a medical certificate which must be completed in order to receive benefits.
- Serve a seven-calendar day waiting period (non-payable by SDI benefits), which includes holidays that fall within the waiting period.

SDI claims are filed by the employee and sent directly to EDD. SDI benefit payments are mailed directly to the employee, generally within two weeks. Voluntary deductions are not taken from SDI payments. For further information on claims and payments, EDD recommends departments and employees visit the SDI website at www.edd.ca.gov/direp/diind.htm.

Leave of Absence Requirements

An employee is required to obtain an approved leave of absence. A leave is granted when the employee has a necessary absence from duty because of illness, injury, pregnancy, or a need to bond or care for a newborn or adopted child. The employee may also request a leave due to family illness or injury. A physician's or licensed practitioner's medical certification is required in

order to substantiate the leave of absence request. The medical certification shall include the anticipated length of the employee's absence, any restrictions upon returning to work that prevent the employee from performing the full range of his or her normal duties, and any anticipated future absences.

The employee's request for a leave shall include whether or not he or she is planning to file for SDI. The beginning and ending dates of the anticipated leave are required, and a telephone number where the employee can be reached.

If the HR office receives notification from EDD that an employee has filed a claim for SDI benefits, and the employee has not requested a leave of absence, the employer will notice the employee, requesting that he or she apply for a leave of absence. While the employee is off work pending the receipt of the request for a leave of absence, the employee may be placed on temporary leave status pending a decision.

If the qualifying injury or illness continues beyond the expiration date of the SDI benefits, the leave of absence may be extended.

An employee's leave of absence is terminated:

- On the expiration date of the leave; or
- By the employee, when he or she becomes medically certified to return to full employment.

Upon termination of the leave, a permanent or probationary employee has a right to his or her former position, as defined by Government Code Section 18522.

Waiting Period/Leave Credits

DI and PFL require the employee to serve a waiting period for seven calendar days. Exception: a new waiting period is not required when an employee is on a pregnancy-related disability under DI and then files a PFL claim for bonding.

During a waiting period, the employee may use available leave credits; be placed on an unpaid leave; or use a combination of leave credits and unpaid leave. If the employee elects to use leave credits, the employee's leave of absence status will begin on the day the use of leave credits end.

Leave Supplementation

The employee must notify the employer of his or her election to supplement SDI benefits with the use of leave credits, the number of hours of leave credits to be charged each month (up to 40 hours maximum, this 40 hours does not include the hours used during the waiting period) and the type of leave to be used, e.g., sick leave, vacation, annual leave, or compensation time off (CTO). The use of leave credits beyond the waiting period may impact the employee's SDI benefit. See note on the following page.

Working While Receiving SDI Benefits

When medically certified, an employee may work reduced hours while receiving SDI benefits. While working and receiving SDI benefits, the employee may be permitted to use leave credits for absences from work that are unrelated to his or her disability/illness.

When a full-time employee physically works and/or uses leave credits for more than 11 days (or part-time equivalent) in the pay period, the pay period is qualifying. A qualifying pay period provides the employee with leave credit accruals and State service credits. Time worked combined with the SDI benefit amount cannot exceed the employee's total regular gross salary. If the time worked, plus the SDI pay, exceeds the total gross salary, the SDI benefit may be reduced.

Payment of leave credits and/or time worked is considered regular pay, and subject to mandatory and voluntary deductions. Any pay received from an available program, such as catastrophic leave or the transfer of family leave, is also considered regular pay. Voluntary deductions will be deducted from regular pay unless cancelled by the employee. There must be sufficient net pay to take the deduction(s). The employee is responsible for canceling and reestablishing voluntary deductions and making direct payments to the carrier(s). The employee's union dues/fair share fees will be withheld while the employee is on pay status. Union dues/fair share fees will not be withheld while on a leave of absence (not receiving pay). The employee may elect to pay union dues/fair share fees directly to his or her union.

Note: Payment for leave credits may affect the employee's SDI benefit amount. It is the employee's responsibility to contact the EDD State Disability Insurance Program for information on how payment of leave credits may impact SDI benefits.

Workers' Compensation

When an employee files a claim for a work-related injury, he or she may be eligible to receive SDI benefits while waiting for the claim to be approved. SDI benefits may also be provided if the worker's compensation benefit is less than the SDI benefits.

Annual Leave Program

Effective September 7, 2006 through December 6, 2006, employees in SEIU-represented Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, and 21 will be provided a window period of 90-calendar days to elect out of the Annual Leave Program. Thereafter, enrollment into and out of the Annual Leave Program will occur annually; during the month of April. All enrollments must be received by the employee's personnel office from April 1 to April 30. The effective date of the enrollment shall be the first day of the June pay period.

NDI/Enhanced NDI (ENDI)

Effective April 01, 2006, SEIU-represented employees are no longer covered by NDI/ENDI.

Family Medical Leave Act (FMLA) and California Family Rights Act (CFRA)

Eligible employees (and family members) with serious health conditions who are approved to receive SDI benefits typically are eligible for 12 weeks of FMLA/CFRA benefits. The employee's FMLA/CFRA determination is completed at the beginning of the employee's leave, and the FMLA/CFRA designation is counted at the same time the employee is receiving SDI benefits (DI or PFL).

Coordination of Health Insurance Coverage with Other Employee Benefits

Effective July 1, 2006, pursuant to the SEIU contract provision, the State will continue up to 26-weeks of health, dental, and vision coverage while the employee is receiving SDI benefits. Initially the employer will pay both the employer's and the employee's portion of insurance premiums. When the employee has returned to work, the employer will recover the employee's premium amounts through the accounts receivable process as an overpayment. Overpayments may be satisfied through payroll deduction, agency collection, or with the use of the employee's leave credits (excluding sick leave) by mutual agreement.

FMLA/CFRA – When an employee has been designated FMLA/CFRA, the employer is required to continue up to 12-weeks of health insurance benefits (health, dental, and vision). The employer's 12-week requirement to provide health insurance benefits is also counted toward the employee's 26-week SEIU contract provision that provides health insurance coverage when the employee is receiving SDI benefits. Under both entitlements, the employer is responsible for the employer's portion of the health insurance premiums and the employee is responsible for repaying his or her portion of the insurance premiums upon return to employment.

An employee who separates without repaying the employee's portion of the health insurance premiums is subject repayment pursuant to Government Code 19838. When the employee has received health insurance coverage pursuant to both provisions (FMLA/CFRA and SEIU contract provisions) the employee is only responsible for repayment of the employee portion of the health insurance premiums.

When the employee receives regular pay for working or using leave credits while receiving SDI benefits, and the employee's health insurance premiums are paid through payroll deduction; the employer's FMLA/CFRA requirement to provide health insurance, and the 26 weeks of health insurance coverage provided by the contract provision, are also met.

Health Insurance through Direct Pay – Employees who do not qualify for health insurance coverage while on an unpaid leave are eligible to maintain coverage by making payments directly to the insurance carrier(s). The employee is responsible for paying the full premium, both the employer and employee portion.

Direct pay is provided when the employee's 12 weeks of FMLA and/or 26 weeks of State employer paid insurance benefits are exhausted and the employee does not have leave credits to cover the employee's portion of the health insurance premiums.

If the employee has a spouse or a domestic partner who is a State employee, he or she may also elect to receive insurance benefits from the spouse's or domestic partner's insurance plan. The following direct pay forms must be completed in order to continue benefits:

Health Insurance – HBD 21
Dental Insurance – STD 696
Vision Insurance – STD 703

For information regarding the process to update an employee's health insurance status, see CalPERS Circular Letter 600-210-05. If an employee elects not to maintain his or her Dental and/or Vision Program benefits while on a leave, the programs will suspend until the employee returns to active work status.

COBRA – An employee who is no longer eligible for direct pay may maintain his or her insurance benefits through COBRA.

FlexElect – Reimbursement account and/or cash option (Flex or CoBen) enrollment will stop while the employee is on a leave of absence. If the employee returns to pay status in the same plan year, the enrollment will resume.

If an employee is enrolled in the medical reimbursement account and wishes to continue to submit claims for services provided during the leave of absence, the employee may elect to continue making contributions through COBRA.

Employment History/Payroll Processing

Departmental HR staff is responsible for documenting an SDI leave of absence and requesting pay and benefit coverage via the State Controller's Office (SCO). SCO will distribute a Payroll Letter that includes documentation instructions.